Society of Professional Benefit Administrators
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ACMC Session on Recruitment & Retention: Employment Forum for Association CEO's

Hand-out for the segment of the presentation by Fred Hunt
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I originally described my presentation as "filler", because I should probably start by saying, "I agree. I agree" with the various fine points made by Jerry & Janet. That having been done, I am going to briefly address two area, and then we are counting on a very active Q&A discussion from the audience.

#1 – Beware the well-intentioned benefits traps. It is a new world, a new century, new realities about work & family patterns, new needs & desires, and renewed cost pressures. That would seem to call for bold new forms of employee benefits. Yes and No. Be sure that common sense and good innovative intentions….not to mention wishful thinking and too-good-to-be-true sales talks…do not lead you to do something stupid. The basic laws and human nature have not changed. So, there is a big difference between what you "can" do and what you "may" do.

In you well-intentioned attempt to give employees lots of choice to get their own benefits, or to tailor payments to accommodate their family's needs and other coverage's, or get rid of the hassles of personnel management, you will probably unknowingly be breaking laws in on area or another.

There are all kinds of new health plans being devised. They often make great sense in a vacuum. However, part of their ease & appeal is that they have not met the applicable state or federal regulatory laws. The people proposing theses things are not sinister. They just didn't know the realm they were getting into. Sometimes it is not the health plan being restructured, but the whole employment relationship. As one example, many people predict that leased employees will be the wave o the future. Leasing is a great concept… but the weak point is that we the employer want to get rid of the hassle, yet we want to keep the psychological power that the workers belong to us. The more selfish we become in trying to have it both ways, the closer we get to legal trouble.

So, if some new idea sounds so innovative that it is too good to be true, take a deep breath and do some homework…possibly including checking with a QUALIFIED attorney who knows employee benefit law (which encompasses tax law, labor law, ERISA, and state insurance law).

Before leaving this topic, let me give a sales pitch for you to attend the September ACMC breakfast session, which will be totally about employee benefits.

#2 – RETENTION: How to keep the workers happy in their work. My "newest" employee recently died. I mention that she died only so you'll know that she did not quit. She was still the "new" employee, because she had only 11 years on the job with us. I'm the "old" guy, since I've been President for 21 years. My staff have seen turnover of their peers in other associations about every 2 years, and unfortunately, the quality of staff in the other associations has been dropping. The reason for the decline in quality is not that there are not good people out there. (Often, fantastic people were let go or eased out.) Most of the blame rests with we CEO's. I get calls from CEO friends who say they are looking to hire Directors of (whatever). Then comes the punch line. "I'm looking for young & cheap." They usually get what they pay for, and we see another strong association partner lose a quality of expertise & experience.

Money is tight, but there is an interesting phenomenon. ASAE asked me to write an article for the July 2000 Association Management commenting on the seeming disparity that the number of association staff is falling…but the salary budgets are going up. My contention is that as more associations rely on their CEO to be the public voice, they have felt the need to hire more glitzy or famous (thus $$$) CEOs & visible staff. To offset that cost, they have cut from below.

However, I disagree. Let me just say **that the secret to having long and happy employees is to make them feel appreciated and that their work is worthwhile. Here are some tricks we use:**
>>>We operate the office as a team of co-equals. Yes, I am President, but anyone can give me orders or tell me I'm wrong. I tell each employee at hiring that they will have the same authority & responsibility as a very senior executive with a huge salary & staff. The only difference is that we don't have the huge salary & staff. We divide up the issues and functions around the office. The person who has been working on that issue or function calls the shots. Obviously, we consult with each other and no one is hesitant to give or seek advice., but the ultimate strategy decision is made by that staffer…and sometimes the fate of the industry hangs in the balance. They can see and feel the responsibility, and they can see that they have far more power than if they worked somewhere else.
>>>We have positioned the association over the years to be the central clearinghouse for information and brain-storming vehicle. Thus members look to the staff to coordinate the information & insights and act accordingly within the general policies of the association. So, the staff get that feeling of respect form the members every day.
>>>Let them know what they are worth to you. Most people just see the greatly-diminished formal amount on their paycheck, and think that's the value you place on them. However, as all of you know, that person costs you (and is thus valued by you) at 150%-200% of that paycheck amount. We have a management firm which works sort of like a leasing arrangement for SPBA. So, I have to figure out each year what it will cost me to keep that person on the planet so I know how much to budget to bill SPBA. I show the person's worksheet to them. They are amazed and appreciative and their self-esteem is enhances seeing first-hand how much we invest to have them on the job.

SPBA

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Budget Worksheet for Employee's Compensation & Overhead

Estimated Amounts for employer total budget estimation purposes.

As of Jan. 1, 200____	As of Jan. 1, 200_____	
$______________	$_____________	Base salary (annualized)
$______________	$_____________	Simplified Employee Pension (SEP) = usually 15% of total salary + bonus. 100% vested in first full calendar year of employment. Payment usually made about February of following year when CPA has confirmed amounts.
$___________	$_____________	TOTAL "CASH" PAYMENT TO EMPLOEE (annualized)
$___________	$_____________	Comprehensive health insurance (single) (family coverage)
$___________	$_____________	Workers comp, Unemployment Ins., bonding, etc, etc.
$___________	$_____________	Employer's cost for employee share of expenses such as free drinks, staff parties and related equipment & supplies.
$___________	$_____________	Employer's share of Social Security (FICA) for employee
$___________	$_____________	Other: (Parking, professional dues/fees, tax help, etc.)
$___________	$_____________	TOTAL ADDITIONAL PAYMENTS MADE ON BEHALF OF THE EMPLOYEE
$___________	$_____________	**TOTAL EMPLOYER COST FOR WORKER** (annualized)